

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Report on Legislative Session
Date: May 12, 2003

Recommended Actions:

Receive the monthly report on the 2003 Legislative Session.

Executive Summary:

Legislative Timetable The House and Senate of the 2003 General Assembly adjourned on May 1st.

Governor Vilsack set Thursday, May 29 at 10 a.m. for a special session. The potential issues for the special session could include economic development initiatives, tax reforms (both property and income taxes), and regulatory reforms.

Appropriations Bills

Education appropriations bill (HF 662) – funds the basic operating appropriations for FY 2004 with a combined total of \$621.2 million for the Regent operations and \$13.3 million for tuition replacement.

- The operating appropriations are consistent with FY 2003 appropriation levels, except the special schools received a 2% appropriations increase.
- These universities appropriations are to be reduced by \$17.9 million as indicated in SF 453, the reinvention bill.
- Additional tuition replacement funds are included in SF 452, the infrastructure bill.

Economic development appropriations bill (SF 433) – provides funding for various economic development programs, including \$3 million for programs at the Regent universities. The Regent appropriations are consistent with FY 2003 levels, but do not restore the significant appropriations reductions (approximately 60%) made for FY 2003.

Infrastructure appropriations bill (SF 452) –

- Includes a total of \$550,000 for new capital projects at the two special schools and the Old Capitol Building at the University of Iowa.
- Deappropriates \$7 million of ISU capital funds for FY 2004, but authorizes debt financing language for the project.
- Appropriates almost \$11 million for tuition replacement debt service needs (including an amount for debt service for the ISU project for which funding was deappropriated).
- Provides \$500,000 to UNI for a National Playground Safety Program.

Reinvention bill (SF 453) – reduces FY 2004 appropriations to three Regent universities by \$17.9 million.

Standings and Salaries bill (SF 458) – appropriates \$28 million for salary adjustment increases to state agencies and the two special schools. The universities and the Board Office are not expected to receive any salary increase funding. The bill also makes minor regulatory adjustments that impact the Regent institutions.

The Governor, as of the date of this memorandum, had not taken any actions on these appropriations bills.

Economic
Development Activities

Several bills related to economic development, some which directly impact the Regent universities, did not pass during the regular session. The Legislative liaisons and Board Office will continue to actively monitor and work with legislators on these bills if a special session is convened.

Update

An oral update will be provided at the meeting of legislative action.

Background/Analysis:

Appropriations Bills

Education
Appropriations
(HF 662)

This bill appropriates operating funds to the Regents, excluding tuition replacement, for FY 2004 that are consistent with the state funding for FY 2003. The two special schools received an increase of 2% in the operating appropriations, totaling \$255,404.

University of Iowa	\$287,169,347
Iowa State University	237,385,042
University of Northern Iowa	82,445,323
Iowa School for the Deaf	8,107,934
Iowa Braille & Sight Saving School	<u>4,537,514</u>
Institutional Totals	\$619,645,160
Board Office	1,190,152
Other	<u>364,889</u>
Operating Totals	\$621,200,201
Tuition Replacement	\$13,343,050

The operating appropriations of the universities are subject to a total reduction of \$17.9 million, as outlined in the standing bill, SF 453.

Gubernatorial Action: Pending

Economic
Development
(SF 433)

This bill appropriates FY 2004 funding for the three Regent universities for economic development programs at the FY 2003 ending level.

University of Iowa	\$253,338
Iowa State University	2,424,161
University of Northern Iowa	<u>370,555</u>
Total	3,048,054

The legislation mandates that \$550,000 of the ISU appropriation must be allocated to the small business development center, which represents a \$75,903 increase for the small business development center and a decrease to the other two economic development – the science and technology research park and the institute for physical research and technology.

Gubernatorial Action: Pending

Infrastructure
Appropriations
(SF 452)

The bill appropriates FY 2004 funding to the Board of Regents for allocations as follows:

- \$100,000 for deferred maintenance at each of the special schools the Iowa School for the Deaf and Iowa Braille and Sight Saving School.
- \$350,000 for non-fire-related restoration of the Old Capitol on the University of Iowa campus in Iowa City the University of Iowa.
- \$10,610,409 from the tobacco fund and \$350,000 from the Rebuild Iowa Infrastructure Fund for tuition replacement.

The bill also deappropriates \$7,000,000 to Iowa State University from HF 2627 (passed by the 2002 General Assembly) but provides that the Board of Regent may issue bonds up to \$7,000,000 plus related issuance costs to carry out completion of the Engineering Teaching and Research Phase II Construction project at Iowa State University.

Gubernatorial Action: Pending

Reinvention Issues
(SF 453)

This bill:

- Reduces FY 2004 appropriations to three Regent universities by \$17.9 million
- Charges state agencies a capital charge of \$1.7 million.
- Reduces property tax replacements payments to local governments by \$70 million.
- Establishes charter agencies, expecting to cut appropriations by \$15 million.
- Requires Area Education Agencies to refund \$8.9 million to the state.

Gubernatorial Action: Pending

Standings and Salaries
Appropriations
(SF 458)

This bill appropriates \$28 million for salary adjustment increases to state agencies and the two special schools. The universities and the Board Office are not expected to receive any salary increase funding. The language also mandates a priority order for salary increases

The bill makes minor regulatory adjustments that impact the Regent institutions, including changes in investment language, eliminations of obsolete code sections, changes in medical assistance language, and requirements for adoption of a policy for refunding tuition for military personnel.

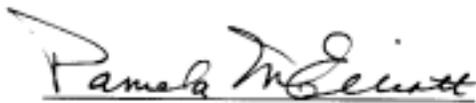
Gubernatorial Action: Pending

Other Bills

Department of
Administrative
Services (HF 534)

This bill establishes the Department of Administrative Services and states that the Board of Regents shall not be required to obtain any service for the Board or any institution under the its control that is provided by the department without the consent of the Board of Regents.

Gubernatorial Action: Pending


Pamela M. Elliott

Approved: 
Gregory S. Nichols